

APPENDIX 7.3

PROJECTED REVENUE

It is not possible for Reclamation to provide projected revenues for concession operations at Lake Berryessa into the next contract term(s) because of the flexible approach being utilized for this bidding opportunity. Each bidder has the ability to identify a unique approach of business mixes within the parameters provided in the EIS/ROD for the future of commercial visitor services and facilities at Lake Berryessa. The final business model is unknown at this time making revenue projections for this prospectus not realistic.

Reclamation did contract an economic feasibility report as a part of the EIS that reviewed the preferred alternative and that report indicated a reasonable opportunity for a profit. The subject report titled the “Dornbusch Associates Economic Feasibility Report for the VSP” (Report) (VSP=Visitor Services Plan) is available for review by prospective bidders at <http://www.usbr.gov/mp/berryessa/prospectus.html>. This report was purposely very conservative and was a challenge because the normal approach of projecting revenue by utilizing several years of past revenue stream as a starting point did not apply to the new operations at Lake Berryessa. The anticipated removal of approximately 50% of the past and current revenue attributable to exclusive long-term trailer site use and the complete restructuring of the traditional short-term business model made past revenue patterns non-applicable for projecting future business by Lake Berryessa concessionaires.

The Report outlined some key assumptions for a new concessionaire to be financially successful. One of those assumptions was that the opportunity for financial success would be greatly enhanced by having a single concessionaire instead of seven as currently exists. Reclamation agrees with that assumption and the need for bidders to display and effectively support a profitable business model is a key component requested in Principal Factor 4 of Part B (***THE BIDDERS UNDERSTANDING OF THE FINANCIAL NEEDS OF THE BUSINESS AND THE FINANCIAL CAPABILITY TO MEET THE NECESSARY FINANCIAL OBLIGATIONS***) found in PART 5 of this prospectus.

In recognition of some public comments relating to the retention of multiple companies operating at Lake Berryessa the option of introducing “Annual Occupancy” was presented in the ROD to enhance the financial package. The ROD and the Annual Occupancy concept is available for review at the above mentioned website. Further there is a detailed discussion of this bidding opportunity in Principal Factor B2 (d) of PART 5 of this prospectus.

Reclamation strongly believes that with new and better sited facilities and business models that focus on the short term user the visitor profile will change significantly and will be more representative of those Bay Area, Sacramento and Northern California users that are already utilizing numerous other reservoir areas around the north state which are located a significantly greater distance from population centers than Lake Berryessa. Given the often superior natural beauty and lake vistas in combination with new and

improved facilities Lake Berryessa should draw hundreds of thousands of new visitors and compete very successfully with areas such as New Melones, Don Pedro, The Sacramento/San Joaquin Delta, Lake Shasta, Trinity Lake, Lake Oroville and others that are currently financially successful and draw heavily from populations much nearer and more convenient to Lake Berryessa. These are likely occurrences that were not considered in the above mentioned conservative Economic Feasibility Report.